

REMARKS

Claims 1-6 and 14-36 are in the application.

Claims 7-13 are cancelled, without prejudice.

New claim 35 represents the first clause of claim 31, while new independent claim 36 represents claim 31 in independent form, with certain linguistic changes not intended to substantially alter the claim scope.

Claims 1-5, 7-19, 21-27, 30 and 32-34 are rejected as being anticipated under 35 U.S.C. § 102 by Silverman et al., US 5,924,082. Claims 6 and 20 are rejected as being obvious under 35 U.S.C. § 103 over Silverman et al. in view of Kovlak (Management Accounting) or Chou, US 6,035,289, respectively. Claims 28 and 31 are rejected as being obvious under 35 U.S.C. § 103 over Silverman et al. alone. Claim 29 is rejected as being obvious over Silverman et al. in view of Lupien et al.

Silverman et al. relates to a system for matching counterparties to a negotiation. Silverman et al. does not relate in any way to repurchase agreements, and therefore fail to teach or suggest that:

“each of [the] trading terminals presents a hierarchal list of repurchase agreement opportunities”. (claim 1), or

“receiving from a user terminal a user entry portion for defining potential repurchase agreement terms” (claims 14 and 36)

The entire excerpts of Silverman et al. cited by the Examiner for support of the rejection with respect to claims 1 and 14, which are each limited to repurchase agreements, reads (entire paragraphs provided for context):

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"A further object of the present invention is to provide a system which enables users to trade financial and other types of instruments based on objective criteria and subjective criteria which are not standardized and/or easily quantifiable" Col. 3, lines 50-54.

"A second embodiment of the present invention includes a matching computer; a plurality of remote terminals corresponding to a plurality of users, wherein the remote terminals enable the users to enter transaction data and ranking data into the system; and a communications network for transmitting negotiating messages between two or more of the remote terminals in response to control signals from the matching computer. The matching computer is coupled to the plurality of remote terminals by the communications network. The matching computer matches potential counterparties to a transaction by comparing the transaction data entered by the users and filtering the transaction data using the ranking data. The matching computer generates the control signals when a potential match is identified." Col. 5, lines 35-48.

"The aforementioned objects, as well as other objects, of the present invention are achieved by providing a negotiated matching system with a filtering feature that filters the potential transactions to be displayed to a trader based on ranking and other transaction information input by the trader and potential counterparties. The ranking information provides an indication of how each user ranks other users in terms of acceptability as a counterparty to one or more types of transactions. Thus, counterparties who do not each achieve a minimum predetermined ranking score set by the other are filtered out. As a result, potential transactions between unacceptable counterparties are not displayed to the user, and unacceptable trading counterparties are not matched by the system. The other transaction information includes trading parameters, such as price and quantity of an instrument to be traded." Col. 4, lines 12-27.

"According to another embodiment of the negotiated matching system according to the present invention, all terms entered by the parties to the transaction may be negotiated after the potential match has occurred. These terms may be negotiated using free-style dialog entered, for example, using a keyboard and mouse (not shown) and displayed for example in box 410 of screen 400. In this embodiment of the present system, once a match occurs, the system automatically initiates a "call" from one party to the other party which is displayed, for example, in box 411 of screen 400. An example of a display screen from such an embodiment is provided in FIG. 4A." Col. 12, lines 47-58.

"Users may change their rankings of other counterparties at any time. If a user enters new ranking information, the system will update its information as well as optionally update the information displayed on all counterparties' displays to dynamically reflect the new ranking. Therefore, the information stored in the matching computer 11 and displayed on the counterparties' display screens is automatically updated as rankings are modified by the users." Col. 10, lines 33-40.

"The system according to the present invention also distributes the bid and offer information entered into the system to the users of the system. Prior to their display to the users, the bids and offers may be filtered using the ranking data entered by the users, thereby limiting the bids and offers displayed to individual users. When a user sees a desirable bid or offer on his or her screen, the user may "hit" the bid or "take" the offer, thereby entering an offer corresponding to the bid or a bid corresponding to the offer. The matching computer then uses the first set of transaction parameters (e.g., ranking data, price data, size data and other parameters or attributes) entered by each party to the potential transaction to determine whether the potential counterparties are compatible. If so, the potential counterparties are notified so that they may begin to negotiate the second set of transaction parameters as described above. No transactions are executed unless the parties agree on both sets of parameters for the transaction." Col. 4, lines 50-67.

"14. A method of identifying potential counterparties to a transaction, comprising the steps of:
receiving ranking data and transaction data from a plurality of remote terminals corresponding to a plurality of potential counterparties to a type of transaction;
filtering said transaction data using said ranking data to identify for each user transactions with potential counterparties who are mutually acceptable based on said ranking data, thereby matching potential counterparties to a transaction; and
transmitting negotiating messages between said potential counterparties, thereby enabling said potential counterparties to negotiate terms of said transaction." Claim 14, Col. 15, lines 22-35

The Examiner has presented no analysis as to why claims limited to systems and methods for specifically negotiating repurchase agreements are unpatentable.

Repurchase Agreements are a quite distinct form of securities-based transaction. In identifying a repurchase agreement opportunity, critical elements include the identification of the security collateral (issuer, maturity and amount), and the funding rate. That is, simply announcing the availability of, or desire for, an amount of security as basis for a repurchase agreement, such as would be expected in the system according to Silverman et al., without communicating the funding rate, an independent parameter, required for a potential counterparty to understand the potential deal, would fail to provide a suitable environment for transacting repurchase agreements. This funding rate information must be part of the original advertisement, and cannot reasonably be delayed and communicated as part of a free form text or negotiated parameter during negotiations, since it is this parameter that is necessary, in part, in order to determine whether negotiations are to commence. A generic securities trading terminal, such as disclosed by Silverman et al., does not teach or suggest conveying all of the required information to enable implementation of a repurchase agreement trading terminal, and the necessary modifications could not be made without the exercise of inventive skill.

Claim 14 is thus further distinguished by the language: "receiving from a user terminal a user entry portion for defining potential repurchase agreement terms." In order to define "potential repurchase agreement terms", one must define the security as well as the funding rate. The funding rate is independent of the yield or discount from face value of the underlying security. Since a repurchase agreement trading or negotiation system must support handling and conveyance of this information in order to be useful, which is not a normal part of equity or debt instrument communications, a generic disclosure of a debt or equity trading terminal fails to

provide enablement for a repurchase agreement trading terminal. Thus, Silverman et al do not teach or suggest the application of their terminal or method of use thereof for negotiating repurchase agreements, and claims 14-37 are not anticipated nor rendered obvious.

In addition, applicants have taught the arrangement and ranking of various types of repurchase agreements in a user interface (see claim 1), which would require inventive skill beyond the bounds of the Silverman et al. disclosure to implement. For example, while the specification of the present application discusses ranking of opportunities and/or counterparties, this ranking is separate and distinct from the presentation of a hierarchal list. In a hierarchy, multiple objects may occupy a single level, and each level may be treated as a class. In contrast, in a ranked list, each object occupies a distinct position, and a rank position does not provide a classification of a plurality of objects occupying that position.

The present application states:

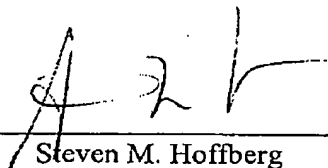
[0058] While the market for repo's is liquid and efficient, transactions typically involve negotiation of terms. Thus, a communication between potential counterparties is desired in order to come to terms. Further, in negotiating a transaction, a number of bidders may be involved, and thus multiple negotiations for the same collateral may be ongoing simultaneously. In order to administer these negotiations, a screen portion of a graphic user interface is preferably provided, organized by counterparty and/or collateral. A user (dealer or investor) may then keep track of negotiations using hierarchy, allowing the user to quickly switch between negotiations and analyze a status thereof. In one embodiment, the hierarchy is initially sorted by collateral class, e.g., US Treasuries, US Agencies, Mortgages, and then by dealer name (for an investor screen) or by other key (e.g., alphabetical, transaction size, proximity of bid and ask, etc.). For each listed collateral, there may be outstanding negotiations. An investor may then commence or continue negotiations for collateral, while a dealer must respond to negotiations, and does not initiate communications with investors. The negotiations are highly formalized and preferably entail a communication of a set of formatted parameters, representing a desired deal. The differences between the bid and ask may then be highlighted, or a free-form alphanumeric message passed between potential counterparties. When the terms (and respective counterparties) are accepted by both parties, the parties may then accept, and the deal be closed. The system preferably includes an automated trading ticket generator, with central logging.

Thus, while elements within a hierarchal level may be ranked, and the hierarchal objects themselves ranked or sorted, there is no merger.

Thus, it is respectfully submitted that Silverman et al. does not teach or suggest a system or method for trading or negotiating repurchase agreements, and is thus clearly distinguished from the present claims, which are allowable in view of the art of record.

Respectfully submitted,

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